



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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Wednesday, August 21, 1974

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The Commission today announced that, following its review of letters received from the American Stock Exchange, the Chicago Board Options Exchange, and the PBW Stock Exchange 1/, with respect to progress made by these exchanges in addressing issues relating to multiple exchange option trading and various regulatory problems raised during the past few months by the Commission's staff, the Commission has made the following determinations:

1. The Commission has approved in principle, subject to the exchanges' submission and final Commission review of definitive plans and necessary rule amendments, (a) the formation by the exchanges of a clearing organization for the handling, on a common basis, of the clearance and settlement of transactions in options on various exchanges including Amex, CBOE, and PBW; (b) proposals for the dissemination of last sale information and quotations; and (c) a procedure to achieve standardization terms and conditions for exchange options.

2. The Commission will advise the Amex that, subject to final Commission review, it would be prepared to make effective that exchange's option plan filed pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 at such time as the Exchange submits the final proposals to implement the programs referred to in item 1 above.

3. The Commission has concluded that it will raise no objection to the implementation of a proposal by CBOE to issue approximately 200 additional exchange memberships, subject to early implementation by that exchange of its amended financial responsibility rules which the Commission today determined to make effective pursuant to Rule 9b-1.

4. The Commission would be prepared to concur in the CBOE proposal to add additional securities to its list of authorized securities underlying options traded on the exchange upon the adoption of satisfactory rules relating to the trading of away-from-the-money options. A definitive proposal of the CBOE with respect to this matter is presently under review by the Commission.

The Commission noted that its determinations with respect to items 1, 2 and 4 above were subject to certain other conditions and understandings which would be outlined in letters to be sent to the exchanges in the next day or two.

1/ As previously announced, the Commission has recently requested public comment on a plan for option trading filed by the PBW Stock Exchange pursuant to Rule 9b-1. Securities Exchange Act Release No.